

ESG Reporting and Investor Decision-Making: A Comparative Analysis Across FTSE 100 Firms

Finance & Corporate Governance

Difficulty	Advanced	Recommended Length	12,000 – 14,000 words
Keywords	ESG, sustainability reporting, FTSE 100, investor behaviour, corporate governance	Academic Support	AssignProSolution.com

Introduction

ESG has gone from a niche ethical investment framework to a mainstream metric that major asset managers now treat as a standard screening tool. But the data behind ESG scores is messy, inconsistently reported, and often self-assessed. This dissertation explores whether ESG disclosures are actually influencing how institutional investors allocate capital — or whether they function primarily as reputational management.

Background and Context

The growth of ESG-focused funds accelerated sharply after 2018, driven partly by regulatory pressure (particularly from the EU's Sustainable Finance Disclosure Regulation) and partly by investor demand following high-profile corporate governance failures. FTSE 100 firms now produce substantial ESG reports, but the absence of a single mandatory reporting standard means that comparisons across firms — even within the same sector — are difficult. Rating agencies such as MSCI, Sustainalytics, and S&P; give the same company dramatically different scores, raising fundamental questions about what these metrics actually measure.

Key Research Questions

1. Do higher ESG scores among FTSE 100 firms correlate with lower cost of capital or higher institutional ownership?
2. How do fund managers at major UK asset managers describe the role of ESG data in investment screening?
3. Does voluntary versus mandatory ESG reporting produce materially different disclosure quality?
4. Which ESG pillar — Environmental, Social, or Governance — carries the most weight in investor decision-making?

Suggested Methodology

Content analysis of FTSE 100 annual ESG reports (2019–2023) combined with regression analysis examining the relationship between ESG scores and financial metrics (P/E ratios, institutional ownership percentages, bond yield spreads). Semi-structured interviews with fund managers or a survey of investment professionals adds a qualitative dimension that the quantitative analysis alone cannot capture.

Key Theoretical Frameworks

Stakeholder Theory — Freeman (1984)
Legitimacy Theory — Suchman (1995)
Signalling Theory — Spence (1973)
Modern Portfolio Theory — Markowitz (1952)

Common Challenges and How to Address Them

The core challenge is ESG score inconsistency across rating providers. The dissertation should address this directly rather than treating any single rating as authoritative. Using multiple rating sources and testing whether results hold across them strengthens the analysis considerably. Bloomberg Terminal access through a university library is useful but not essential — MSCI publishes enough public data to build a credible dataset.

Conclusion and Next Steps

ESG is one of the most contested spaces in corporate finance right now, which makes it an excellent dissertation topic — there is genuine disagreement in the literature, real gaps in the evidence, and a policy environment that is actively shifting. A strong dissertation here does not just describe the landscape; it takes a position on whether ESG reporting is a functional market signal or a compliance exercise. Get structured support for this dissertation at AssignProSolution.com.

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